

## THIRD DIVISION

[ G.R. No. 200642, April 26, 2021 ]

### **BANCO FILIPINO SAVINGS AND MORTGAGE BANK, PETITIONER, VS. BANGKO SENTRAL NG PILIPINAS AND THE MONETARY BOARD, RESPONDENTS.**

#### **D E C I S I O N**

##### **HERNANDO, J.:**

Banco Filipino Savings and Mortgage Bank (Banco Filipino) assails in this Petition for Review<sup>[1]</sup> on *Certiorari* the October 3, 2011 Decision<sup>[2]</sup> and February 14, 2012 Resolution<sup>[3]</sup> of the Court of Appeals (CA) in CA-G.R. SP No. 116627, which set aside the issuance of the temporary restraining order (TRO) and writ of preliminary injunction (WPI) by the Regional Trial Court (RTC) of Makati City, Branch 66 in Civil Case No. 10-1042.

Banco Filipino is a juridical entity authorized to operate as a banking institution. It was ordered closed on January 25, 1985 until this Court rendered a Decision on December 11, 1991 which declared the closure to be tainted with grave abuse of discretion.<sup>[4]</sup>

Respondent Bangko Sentral ng Pilipinas (Bangko Sentral) is the central monetary authority of the Republic of the Philippines pursuant to Republic Act No. 7653 (RA 7653; New Central Bank Act).<sup>[5]</sup> It supervises the operations of banks and exercises regulatory powers over non-bank financial institutions with quasi-banking functions.<sup>[6]</sup> It also exercises its powers through respondent Monetary Board. These include the power to place banks under receivership under certain conditions and impose administrative sanctions on banks and their directors and/or officers upon violation of banking laws and regulations and orders issued by the Monetary Board, commission of irregularities, conducting business in an unsafe or unsound manner as may be determined by the Monetary Board, among others.<sup>[7]</sup>

##### **The Factual Antecedents:**

The instant case originated from the same factual background as another case filed with this Court, i.e., G.R. No. 200678 (*Banco Filipino Savings and Mortgage Bank v. Bangko Sentral ng Pilipinas*),<sup>[8]</sup> which disposed of a Rule 45 petition involving the RTC's denial of the Motion to Dismiss of Bangko Sentral and the Monetary Board in Civil Case No. 10-1042. This Court's Decision in G.R. No. 200678 was promulgated on June 4, 2018, became final and executory, and was entered in the Book of Entries of Judgments on April 8, 2019.<sup>[9]</sup> Accordingly, we adopt a portion of the factual antecedents in the said case:

On December 11, 1991, this Court promulgated *Banco Filipino Savings & Mortgage Bank v. Monetary Board and Central Bank of the Philippines*,

which declared void the Monetary Board's order for closure and receivership of Banco Filipino Savings & Mortgage Bank (Banco Filipino). This Court also directed the Central Bank of the Philippines and the Monetary Board to reorganize Banco Filipino and to allow it to resume business under the comptrollership of both the Central Bank and the Monetary Board.

Banco Filipino subsequently filed several Complaints before the Regional Trial Court, among them a claim for damages in the total amount of P18,800,000,000.00.

On June 14, 1993, Congress passed Republic Act No. 7653, providing for the establishment and organization of Bangko Sentral as the new monetary authority.

On November 6, 1993, pursuant to this Court's 1991 *Banco Filipino* Decision, the Monetary Board issued Resolution No. 427, which allowed Banco Filipino to resume its business.

In 2002, Banco Filipino suffered from heavy withdrawals, prompting it to seek the help of Bangko Sentral. In a letter dated October 9, 2003, Banco Filipino asked for financial assistance of more than P3,000,000,000.00 through emergency loans and credit easement terms. In a letter dated November 21, 2003, Bangko Sentral informed Banco Filipino that it should first comply with certain conditions imposed by Republic Act No. 7653 before financial assistance could be extended. Banco Filipino was also required to submit a rehabilitation plan approved by Bangko Sentral before emergency loans could be granted.

In a letter dated April 14, 2004, Banco Filipino submitted its Long-Term Business Plan to Bangko Sentral. It also claimed that Bangko Sentral already extended similar arrangements to other banks and that it was still awaiting the payment of P18,800,000,000.00 in damage claims, "the entitlement to which the Supreme Court has already decided with finality."

In response, Bangko Sentral informed Banco Filipino that its business plan could not be acted upon since it was neither "confirmed nor approved by [Banco Filipino's Board of Directors]."

On July 8, 2004, Banco Filipino filed a Petition for Revival of Judgment with the Regional Trial Court of Makati to compel Bangko Sentral to approve its business plan. The case was docketed as Civil Case No. 04-823 and was raffled to Branch 62.

During the pendency of its Petition, Banco Filipino entered into discussions and negotiations with Bangko Sentral, which resulted [in] seven (7) revisions in the business plan. Thus, Banco Filipino filed a Proposal for Settlement dated September 21, 2007 before Branch 62, Regional Trial Court, Makati City to settle the issues between the parties.

On April 8, 2009, Banco Filipino submitted its 8th Revised Business Plan to Bangko Sentral for evaluation. In this business plan, Banco Filipino requested, among others, a P25,000,000,000.00 income enhancement

loan. Unable to come to an agreement, the parties constituted an *Ad Hoc* Committee composed of representatives from both parties to study and act on the proposals. The *Ad Hoc* Committee produced an Alternative Business Plan, which was accepted by Banco Filipino, but was subject to the Monetary Board's approval.

In a letter dated December 4, 2009, Bangko Sentral informed Banco Filipino that the Monetary Board issued Resolution No. 1668 granting its request for the P25,000,000,000.00 Financial Assistance and Regulatory Reliefs to form part of its Revised Business Plan and Alternative Business Plan. The approval was also subject to certain terms and conditions, among which was the withdrawal or dismissal with prejudice to all pending cases filed by Banco Filipino against Bangko Sentral and its officials. The terms also included the execution of necessary quitclaims and commitments to be given by Banco Filipino's principal stockholders, Board of Directors, and duly authorized officers "not to revive or refile such similar cases in the future."

In a letter dated January 20, 2010, Banco Filipino requested reconsideration of the terms and conditions of the P25,000,000,000.00 Financial Assistance and Regulatory Reliefs package, noting that the salient features of the Alternative Business Plan were materially modified. However, in a letter dated April 8, 2010; Banco Filipino informed Bangko Sentral that it was constrained to accept the "unilaterally whittled down version of the [P25,000,000,000.00] Financial Assistance Package and Regulatory Reliefs." It, however, asserted that it did not agree with the condition to dismiss and withdraw its cases since this would require a separate discussion.

In a letter dated April 19, 2010, Bangko Sentral informed Banco Filipino that it was surprised by the latter's hesitation in accepting the terms and conditions, in particular, the withdrawal of the cases against it, since this condition had already been discussed from the start of the negotiations between the parties.

In a letter dated June 21, 2010, Banco Filipino informed Bangko Sentral that it never accepted the condition of the withdrawal of the cases in prior negotiations but was willing to discuss this condition as a separate and distinct matter.

In a letter dated August 10, 2010, Bangko Sentral and the Monetary Board, through counsel CVC Law, informed Banco Filipino that its rejection of certain portions of Resolution No. 1668, particularly its refusal to withdraw all cases filed against Bangko Sentral, was deemed as a failure to reach a mutually acceptable settlement.

In a letter dated August 13, 2010, Banco Filipino questioned the legality of referring the matter to private counsel and stated that it had not been notified of the action taken on the acceptance of its Business Plan.

In a letter dated September 13, 2010, CVC Law told Banco Filipino that the matter was referred to it as an incident of Civil Case No. 04-823, which it was handling on behalf of Bangko Sentral. It also informed

Banco Filipino that the latter's rejection of the terms and conditions of Resolution No. 1668 made this Resolution legally unenforceable.

Banco Filipino sent letters dated September 22, 2010 and September 28, 2010, questioning the legality of Bangko Sentral's referral to private counsel and reiterating that the terms and conditions embodied in Resolution No. 1668 were not meant to be a settlement of its P18,800,000,000.00 damage claim against Bangko Sentral.

In a letter dated October 4, 2010, Bangko Sentral reiterated that its referral of the matter to CVC Law was due to the matter being incidental to the civil case pending before the Regional Trial Court.<sup>[10]</sup> (Citations omitted)

On October 20, 2010, Banco Filipino filed a Petition for *Certiorari* and *Mandamus* with prayer for issuance of TRO and WPI against Bangko Sentral and the Monetary Board, docketed as Civil Case No. 10-1042.<sup>[11]</sup> Banco Filipino alleged, in essence, that respondents committed grave abuse of discretion in requiring it to withdraw its cases and waive all future claims as a condition to the approval of the business plan.

Thus, the bank prayed that the trial court: (a) render judgment declaring the condition illegal and therefore void, and making the writ of preliminary mandatory and preventive injunction permanent; (b) issue a writ of *certiorari*, finding grave abuse of discretion amounting to lack of or excess of jurisdiction on the part of respondents; and (c) issue a writ of *mandamus* to compel Bangko Sentral and the Monetary Board to approve and implement its business plan and release its financial assistance and regulatory reliefs package.<sup>[12]</sup>

In addition, Banco Filipino prayed for the issuance of a TRO and a WPI, restraining respondents from (a) employing acts inimical to the enforcement and implementation of the business plan, (b) continuing and committing acts prejudicial to Banco Filipino's operations, (c) withdrawing or threatening to withdraw the approval of the business plan containing financial assistance and package of regulatory reliefs, and (d) otherwise enforcing other regulatory measures and abuses calculated to coerce Banco Filipino into agreeing to the condition.<sup>[13]</sup>

Respondents filed a Motion to Dismiss *Ad Cautelam*, assailing the RTC's jurisdiction over the subject matter and over the persons of Bangko Sentral and the Monetary Board.

### **Ruling of the Regional Trial Court:**

After hearing, the RTC in an October 28, 2010 Order<sup>[14]</sup> granted the request for the issuance of a TRO against Bangko Sentral and the Monetary Board. The *fallo* of its Order reads:

WHEREFORE, premises considered and pursuant to Rule 58 of the Revised Rules of Court, Petitioner's prayer for a Temporary Restraining Order is hereby GRANTED. Respondent[s] Ban[gk]o Sentral ng Pilipinas and [t]he Monetary Board, as well as [their] representatives, agents, assigns and/or third person or entity acting for and [their] behalf are hereby enjoined from (a) employing acts inimical to the enforcement and implementation of the approv[ed] Business Plan, (b) continuing and

committing acts prejudicial to Petitioner's operations, (c) withdrawing or threatening to withdraw the approval of the Business Plan containing financial assistance, and package of regulatory reliefs, and (d) otherwise enforcing other regulatory measures and abuses calculated to coerce Banco Filipino Savings and Mortgage Bank into agreeing to drop and/or withdraw its suits and damage claims against BSP and MB, and to waive future claims against Respondents or their official[s] and employees.

Further, the Court directs Sheriff Leodel N. Roxas to personally serve a copy of this Order to the herein Respondent Ban[~~gk~~]o Sentral ng Pilipinas and [t]he Monetary Board. Finally, let this case be set on November 11, 2010 and November 12, 2010 both at 2:00 in the afternoon for hearing on the prayer for issuance of a Writ of Preliminary Mandatory Injunction.

SO ORDERED.<sup>[15]</sup>

The RTC issued a November 17, 2010 Order <sup>[16]</sup> denying respondents' motion to dismiss.

Respondents assailed the RTC's denial of the motion to dismiss before the CA *via* a Petition for *Certiorari* with a prayer for issuance of a TRO and WPI. The case was docketed as CA-G.R. SP No. 116905.<sup>[17]</sup>

On November 3, 2010, respondents filed a Petition for *Certiorari* with prayer for issuance of a TRO and/or WPI with the CA, assailing the issuance of the TRO for having been issued without jurisdiction. The Petition was docketed as CA-G.R. SP No. 116627.<sup>[18]</sup>

In the meantime, proceedings with the RTC continued, where Banco Filipino's application for the issuance of a WPI was heard by the RTC. Thereafter, the trial court granted Banco Filipino's application for a WPI on November 18, 2010.<sup>[19]</sup> The *fallo* of the November 18, 2010 Order reads:

WHEREFORE, premises considered and pursuant to Rule 58 of the Revised Rules of Court, the application for a writ of preliminary mandatory and preventive injunction is hereby GRANTED. Respondents Bangko Sentral Ng Pilipinas and the Monetary Board, their officers, employees, representatives, and all persons acting for and in their behalf are hereby **mandated** to immediately implement petitioner's approved Business Plan by releasing its financial assistance and package of regulatory reliefs without delay. Further Respondents are **enjoined** from enforcing other regulatory measures and abuses calculated to coerce petitioner Bangko Filipino Savings and Mortgage Bank into agreeing to drop and/or withdraw its suits and damage claims against herein respondents and to waive future claims against the latter or their officer, employees, representatives and all persons acting in their behalf and from continuing and committing acts prejudicial to Petitioner's operations, until the final disposition of the instant case. Finally let the corresponding Writ of Preliminary Mandatory and Preventive injunction be issued upon Petitioner's posting of sufficient bond herein fixed in the amount of PESOS FIFTY MILLION (Php50,000,000.00), executed in favor of herein respondents to the effect that said Petitioner will pay said